

Form 100-003 Carrier and Service Information		FCC Form 100-003	
Form 100-003 Carrier and Service Information		Form 100-003 Carrier and Service Information	
Form 100-003 Carrier and Service Information		Form 100-003 Carrier and Service Information	

<010> Study Area Code 100003
 <015> Study Area Name TIDEWATER TELECOM, INC.
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Jim Sanborn
 <035> Contact Telephone Number - Number of person identified in data line <030> 2075639910 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> jims@intelco.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
 (3014) If yes, does your company file the RUS annual report

(Yes/No) ☒ Yes ☒ No
 (Yes/No) ☒ Yes ☒ No

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐
 (3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, is your company audited?

(Yes/No) ☒ Yes ☒ No

- If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☒
 (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒
 (3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐
 (3023) Underlying information subjected to a review by an independent certified public accountant ☐
 (3024) Underlying information subjected to an officer certification. ☐
 (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

100003me3026.pdf

- (3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



TIDEWATER TELECOM, INC.

FINANCIAL STATEMENTS

December 31, 2013 and 2012

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Tidewater Telecom, Inc.

We have audited the accompanying financial statements of Tidewater Telecom, Inc. (a wholly-owned subsidiary of Lincolnville Telephone Company), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of income and accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tidewater Telecom, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
March 10, 2014

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Balance Sheets

December 31, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 855,026	\$ 507,883
Accounts receivable	970,901	951,687
Materials and supplies	608,624	660,137
Prepaid expenses and other current assets	37,282	9,210
Due from related parties	<u>836,472</u>	<u>1,367,170</u>
Total current assets	<u>3,308,305</u>	<u>3,496,087</u>
Property, plant and equipment, at cost		
Land and buildings	6,439,184	6,439,185
Central office equipment	16,569,583	16,440,504
Cable and wire facilities	28,075,305	27,872,279
Other equipment	1,688,813	1,707,204
Telecommunications plant under construction	<u>106,852</u>	<u>1,808</u>
	<u>52,879,737</u>	<u>52,460,980</u>
Less accumulated depreciation	<u>34,719,823</u>	<u>33,008,770</u>
Net property, plant and equipment	<u>18,159,914</u>	<u>19,452,210</u>
Noncurrent assets		
Investments in nontraded stocks	185,238	177,828
Intangible, net	<u>7,732,008</u>	<u>8,045,991</u>
Total noncurrent assets	<u>7,917,246</u>	<u>8,223,819</u>
	<u>\$ 29,385,465</u>	<u>\$ 31,172,116</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 96,376	\$ 54,358
Accrued expenses and other current liabilities	<u>151,383</u>	<u>149,936</u>
Total current liabilities	247,759	204,294
Deferred income taxes	<u>8,591,500</u>	<u>9,108,500</u>
Total liabilities	<u>8,839,259</u>	<u>9,312,794</u>
Commitments and contingencies (Notes 6 and 7)		
Stockholder's equity		
Common stock, no par value; 10,000 shares authorized; 1,853 shares issued and outstanding	-	-
Paid-in capital	24,824,759	24,824,759
Accumulated deficit	<u>(4,278,553)</u>	<u>(2,965,437)</u>
Total stockholder's equity	<u>20,546,206</u>	<u>21,859,322</u>
	<u>\$ 29,385,465</u>	<u>\$ 31,172,116</u>

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Statements of Income and Accumulated Deficit

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Basic local network services	\$ 2,687,198	\$ 2,775,042
Network access services	3,584,300	3,586,386
Miscellaneous	286,561	347,177
Uncollectible revenues, net of recoveries	<u>(5,738)</u>	<u>(4,179)</u>
Total operating revenues	<u>6,552,321</u>	<u>6,704,426</u>
Operating expenses		
Plant specific operations	1,240,616	1,275,616
Plant nonspecific operations	833,665	851,592
Depreciation and amortization	2,087,532	2,187,694
Customer operations	725,710	737,274
Corporate operations	<u>1,489,815</u>	<u>1,433,704</u>
Total operating expenses	<u>6,377,338</u>	<u>6,485,880</u>
Operating taxes		
Federal and state income taxes	7,800	600
Other operating taxes	<u>155,951</u>	<u>219,354</u>
Total operating taxes	<u>163,751</u>	<u>219,954</u>
Net operating income (loss)	<u>11,232</u>	<u>(1,408)</u>
Other income (expense)		
Interest and dividends	10,144	11,479
Other, net	-	(500)
Income taxes	<u>(4,000)</u>	<u>(4,400)</u>
Net other income	<u>6,144</u>	<u>6,579</u>
Net income	17,376	5,171
Accumulated deficit, beginning of year	(2,965,437)	(1,651,017)
Less dividends	<u>(1,330,492)</u>	<u>(1,319,591)</u>
Accumulated deficit, end of year	<u>\$ (4,278,553)</u>	<u>\$ (2,965,437)</u>

The accompanying notes are an integral part of these financial statements.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Net income	\$ 17,376	\$ 5,171
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	2,087,532	2,187,694
Deferred income taxes	(517,000)	(573,400)
Accretion of patronage capital certificates	(7,410)	(7,113)
Decrease (increase) in		
Accounts receivable	(19,214)	(132,511)
Materials and supplies	51,513	(23,115)
Due from affiliates	530,698	(5,777)
Prepaid expenses and other current assets	(28,072)	(5,131)
Increase (decrease) in		
Accounts payable	42,018	(32,909)
Accrued expenses and other current liabilities	1,447	(72,719)
Net cash provided by operating activities	<u>2,158,888</u>	<u>1,340,190</u>
Cash flows from investing activities		
Extension and replacement of telecommunications plant	<u>(481,253)</u>	<u>(359,737)</u>
Net cash used by investing activities	<u>(481,253)</u>	<u>(359,737)</u>
Cash flows from financing activities		
Payment of dividends	<u>(1,330,492)</u>	<u>(1,319,591)</u>
Net cash used by financing activities	<u>(1,330,492)</u>	<u>(1,319,591)</u>
Net increase (decrease) in cash and cash equivalents	347,143	(339,138)
Cash and cash equivalents, beginning of year	<u>507,883</u>	<u>847,021</u>
Cash and cash equivalents, end of year	<u>\$ 855,026</u>	<u>\$ 507,883</u>

The accompanying notes are an integral part of these financial statements.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

Nature of Operations

Tidewater Telecom, Inc. (the Company), a wholly-owned subsidiary of Lincolnville Telephone Company (its Parent), derives its operating revenues primarily from providing telecommunications and broadband services in Maine. The Company extends credit at standard terms, after appropriate review, to its subscribers and domestic interexchange carriers. Telecommunications services are subject to varying degrees of regulation by the Federal Communications Commission (FCC) and the Maine Public Utilities Commission (MPUC).

1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulatory Accounting

The Company is subject to regulation of rates and other matters by the FCC and the MPUC. The Company follows the accounting prescribed by the Uniform System of Accounts of the FCC and the MPUC and Financial Accounting Standards Board Accounting Standards Codification (ASC) 980, *Regulated Operations*. This accounting recognizes the economic effects of rate regulation by recording costs and a return on investment, as such amounts are recovered through rates authorized by regulatory authorities. The Company annually reviews the continued applicability of ASC 980 based on the current regulatory and competitive environment.

Cash and Cash Equivalents

All liquid investments with an original maturity of three months or less are considered to be cash equivalents. The Company maintains its cash in bank accounts which may exceed federally insured limits; however, the Company's policy is to invest cash in excess of those limits in government-backed securities or accounts collateralized by bank-owned U.S. government securities or surety bonds. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant risk with respect to these accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

Materials and Supplies

Materials and supplies are valued at the lower of first-in, first-out (FIFO) cost or market.

Depreciation

Depreciation is computed on average plant investment by primary plant accounts using the straight-line method over the estimated useful lives of the assets. The Company assesses the estimated remaining useful lives of assets on an annual basis.

Capitalization Policy

Additions to plant and replacements of retirement units of property are capitalized at original cost, which includes labor, material and overhead, and direct charges such as equipment costs.

Investments in Nontraded Stocks

The Company owns Rural Telephone Finance Cooperative (RTFC) Patronage Capital Certificates (PCCs) that are recorded at their present value. The Company is accreting the PCCs to face value over a period of ten to twenty-five years, based on the expected repayment dates. These PCCs are included in investments in nontraded stocks in the balance sheets and the annual accretion is included in interest and dividend income in the statements of income.

Intangible Asset Subject to Amortization

The intangible asset subject to amortization consists of a franchise license which is being amortized by the straight-line method over the asset's estimated useful life of thirty years.

Sales Taxes

The Company reports sales taxes on a net basis; accordingly, they are recorded as a liability when collected from customers and excluded from revenues and expenses.

Income Taxes

Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The Company files a consolidated tax return with its Parent. Income taxes are allocated to the Company based on the statutory rates of the consolidated group applied to its separate income before income taxes.

As of December 31, 2013, tax years after 2009 remain subject to examination by federal and state authorities.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

Revenue Recognition

Operating revenues are recognized when services are provided to customers.

Interstate network access revenues are based on estimates of the telephone plant investment, operating expenses, and allowable rates of return on investments allocable to those services. Nationwide pooling of the revenues is administered by National Exchange Carrier Association (NECA), of which the Company is a member. NECA files interstate access charge tariff schedules with the FCC and accumulates and distributes pooled revenues, derived from interstate access services, to its members. The Company records the effect of NECA settlements, including retroactive adjustments, if applicable, upon notification of such settlements from NECA.

Intrastate originating and terminating network access service revenues result from charges to interexchange carriers based on applying intrastate access tariffed rates to intrastate access usage.

Effective July 1, 2012, interstate and intrastate terminating network access revenues were set at predetermined levels subject to the provisions of the FCC Order on Intercarrier Compensation and Universal Service Fund. The effect will be to reduce these network access revenues over a ten-year period.

Subsequent Events

For purposes of preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Company has considered transactions or events occurring through March 10, 2014, which was the date the financial statements were available to be issued.

2. Telecommunications Plant Adjustment

A telecommunications plant adjustment of \$17,332,257, net of accumulated amortization of \$5,261,121 and \$4,282,366 at December 31, 2013 and 2012, respectively, which is included in property, plant and equipment in the balance sheets, is a regulatory adjustment representing the difference between the fair value of the property, plant and equipment acquired and the original cost of the plant, less the associated depreciation. The Company is amortizing the adjustment over a period of seven to thirty years which approximates the estimated remaining useful lives of the underlying assets. Amortization expense included in depreciation and amortization expense in the statements of income was \$978,755 in 2013 and 2012. This amortization is not recoverable through rates, as mandated by a stipulated agreement with the MPUC.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnton Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

3. Investment in Nontraded Stocks

Investment in nontraded stocks consists of RTFC PCCs. The noncash PCCs accrete on an annual basis and will be redeemed at their face value through 2035. Total accretion in 2013 and 2012 was \$7,410 and \$7,113, respectively. Total PCCs received through December 31, 2013 and 2012 amounted to a face value of \$312,806 and recorded present value of \$185,238 and \$177,828, respectively.

4. Intangible Asset Subject to Amortization

The intangible asset consists of a franchise license of \$9,419,705, net of accumulated amortization of \$1,687,697 and \$1,373,714 at December 31, 2013 and 2012, respectively. Amortization expense approximated \$314,000 in 2013 and 2012. Estimated amortization expense through 2018 is as follows:

2014	\$ 314,000
2015	314,000
2016	314,000
2017	314,000
2018	314,000

5. Income Taxes

The actual tax expense differs from that computed at a federal rate of 34% primarily because of state income taxes and state high-tech credits.

The components of income tax expense (benefit) at December 31 are as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
<u>2013</u>			
Federal income tax	\$ 422,300	\$ (413,100)	\$ 9,200
State income tax	<u>106,500</u>	<u>(103,900)</u>	<u>2,600</u>
	<u>\$ 528,800</u>	<u>\$ (517,000)</u>	<u>\$ 11,800</u>
<u>2012</u>			
Federal income tax	\$ 452,400	\$ (449,800)	\$ 2,600
State income tax	<u>126,000</u>	<u>(123,600)</u>	<u>2,400</u>
	<u>\$ 578,400</u>	<u>\$ (573,400)</u>	<u>\$ 5,000</u>

Amounts payable to the parent for current income taxes are included in due from related parties at December 31, 2013 and 2012.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

The income tax expense is allocated for the years ended December 31 as follows:

	<u>2013</u>	<u>2012</u>
Operating income	\$ 7,800	\$ 600
Other income	<u>4,000</u>	<u>4,400</u>
	<u>\$ 11,800</u>	<u>\$ 5,000</u>

The components of the deferred tax liability (asset) at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
Temporary differences related to:		
Depreciation and amortization	\$ 8,664,900	\$ 9,162,500
Other	<u>(73,400)</u>	<u>(54,000)</u>
	<u>\$ 8,591,500</u>	<u>\$ 9,108,500</u>

6. Regulatory Matter

In November 2007, CRC Communications of Maine, Inc. (CRC), in order to facilitate competitive entry by Time Warner Cable Information Services (Maine), LLC (TWCIS), petitioned the Maine Public Utilities Commission (MPUC) to arbitrate interconnection agreements between CRC and the Company. In May 2008, the MPUC ruled that it did not have the authority to arbitrate an interconnection agreement unless the rural exemption of the Company was first terminated. The MPUC then opened proceedings to consider a petition by CRC to lift the rural exemption, so as to open the way for CRC and TWCIS to provide local exchange service in the territories currently served by the Company. In order to grant a request to lift the rural exemption, the MPUC would have to determine doing so was: i) not unduly economically burdensome on the incumbent local exchange carrier (ILEC) impacted by the exemption, ii) technically feasible, and iii) consistent with the universal service provisions of the Telecommunications Act of 1996 (the Telecom Act). In late 2008, the MPUC ruled CRC and TWCIS had not provided sufficient evidence to substantiate their requests and dismissed them; however, the MPUC allowed CRC and TWCIS the option to file renewed petitions provided they present detailed analyses on the economic impact on the ILECs involved. CRC filed a renewed petition in early 2009. In June 2010, the MPUC ruled the impact of lifting the rural exemption and permitting TWCIS and CRC to provide local exchange service in the ILEC territories would be unduly economically burdensome to the Company and denied CRC's petition.

In July 2010, TWCIS filed a petition with the Federal Communications Commission (FCC) to overturn the MPUC's May 2008 ruling. In May 2011, the FCC issued its decision, which overruled the MPUC's May 2008 ruling and required that the MPUC must consider a petition for arbitration of certain types of interconnection, even if the rural exemption was in effect.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnville Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

The ILECs received requests to negotiate interconnection agreements from CRC and TWCIS in June 2011 and September 2011, respectively. In August 2011 and October 2011, the ILECs filed petitions with the MPUC under Section 251(f)(2) of the Telecom Act to request suspension of their obligations to interconnect with CRC and TWCIS, respectively. In February 2012 and March 2012, CRC and TWCIS, respectively, filed petitions with the MPUC for arbitration of interconnection agreements with the ILECs. On March 30, 2012, the MPUC issued its order dismissing the ILECs' petitions for suspension of interconnection obligations. The ILECs filed an appeal of this dismissal with the Maine Supreme Judicial Court. This appeal was voluntarily dismissed by the ILECs on August 21, 2013. In April 2012, CRC withdrew its request for arbitration and ceased to participate in the ongoing proceedings. TWCIS continued to pursue its petition for arbitration.

In May 2012, the ILECs filed new petitions with the MPUC for suspension under Section 251(f)(2) of any obligation to provide local number portability ("LNP") to TWCIS. In June 2012, the MPUC granted the ILECs' request for an interim suspension of LNP obligations pending resolution of the suspension proceedings. On February 22, 2013, the MPUC issued an Order denying the petition for suspension, stating that the economic burden of competition would be offset by funding from the Maine Universal Service Fund. The Order was made effective as of June 30, 2013, until which time the interim suspension would remain in effect.

In December 2012, the MPUC issued its decision in the arbitration proceedings, ordering the ILECs to enter into arbitrated interconnection agreements which were approved by the MPUC. In January 2013, the ILECs filed a petition for reconsideration and a motion for a stay of the MPUC's decision. On March 4, 2013, the MPUC issued its Order denying the petition for reconsideration and the motion for stay, but extending the effective date of its December 2012 Order to June 30, 2013. On May 3, 2013, the ILECs filed an appeal of the December 2012 Order with the Maine Supreme Judicial Court.

On May 5, 2013, the ILECs filed an appeal of the February 22, 2013 Order with the Maine Supreme Judicial Court. On June 20, 2013, the ILECs filed a Motion to Amend the Commission's February 22, 2013 Order, seeking to extend the effective date of the Order pending resolution of the ongoing legislative and regulatory issues regarding the availability of MUSF funding. On July 26, 2013, the Commission issued its Order Denying Motion to Amend, stating that the Commission lacked jurisdiction to rule on the motion because the matter was on appeal, but allowing the filing of a renewed motion after the end of the appeal. On August 21, 2013, the ILECs filed a voluntary dismissal of the appeal.

On May 15, 2013, TWCIS filed a complaint with the MPUC, alleging that the ILECs were in violation of the MPUC's Order to implement interconnection and requesting the imposition of financial penalties and a schedule for interconnection. The ILECs opposed the complaint and on July 26, 2013, the MPUC issued an Order which dismissed the complaint and ordered the parties to file a joint timeline for implementation. On August 15, 2013, the parties submitted a timeline which concluded with March 1, 2014 for the formal exchange of traffic, subject to the completion of the prior steps. On August 21, 2013, the ILECs filed a voluntary dismissal of the appeal from the December 2012 Order.

TIDEWATER TELECOM, INC.
(A Wholly-Owned Subsidiary of Lincolnvile Telephone Company)

Notes to Financial Statements

December 31, 2013 and 2012

On February 7, 2014, the ILECS filed a Renewed Motion to Amend, seeking reinstatement of the interim suspension until 60 days after the ongoing legislative and regulatory issues regarding the availability of MUSF funding are resolved. The Renewed Motion to Amend is currently pending before the MPUC.

The future impacts, if any, on the regulated operations, revenues and expenses of the Company is unknown at this time.

7. Related Parties

The Company provides to and receives from related parties through common ownership various network, management, and operation services under an intercompany management services agreement, which has been approved by the MPUC. Charges between these related parties approximated:

	<u>2013</u>	<u>2012</u>
Provided to:		
Coastal Telco Services, Inc.	\$ 820,000	\$ 728,000
Lincolnvile Communications, Inc.	282,000	292,000
Received from:		
Coastal Telco Services, Inc.	\$ 3,505,000	\$ 3,735,000

The Company, its Parent and its subsidiaries' assets are collateral in a loan agreement entered into by its Parent. The loan is due in quarterly installments through June 30, 2018, when the balance is due in full. The Parent's outstanding balance on the loan was \$17,169,822 and \$19,169,822 at December 31, 2013 and 2012, respectively. The Company does not presently expect to be required to perform on its obligations under the loan agreement.



There was no Management Letter issued in connection with the audit of the December 31, 2013 financial statements of Tidewater Telecom, Inc.

<010>	Study Area Code	100003
<015>	Study Area Name	TIDEWATER TELECOM, INC.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jim Sanborn
<035>	Contact Telephone Number - Number of person identified in data line <030>	2075639910 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jims@tinelco.net

(3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information



(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(3014) If yes, does your company file the RUS annual report

(Yes/No)

(Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information	Date	Comments
1. <u>1.1</u>		
2. <u>1.2</u>		
3. <u>1.3</u>		
4. <u>1.4</u>		
5. <u>1.5</u>		
6. <u>1.6</u>		
7. <u>1.7</u>		
8. <u>1.8</u>		
9. <u>1.9</u>		
10. <u>1.10</u>		
11. <u>1.11</u>		
12. <u>1.12</u>		
13. <u>1.13</u>		
14. <u>1.14</u>		
15. <u>1.15</u>		
16. <u>1.16</u>		
17. <u>1.17</u>		
18. <u>1.18</u>		
19. <u>1.19</u>		
20. <u>1.20</u>		
21. <u>1.21</u>		
22. <u>1.22</u>		
23. <u>1.23</u>		
24. <u>1.24</u>		
25. <u>1.25</u>		
26. <u>1.26</u>		
27. <u>1.27</u>		
28. <u>1.28</u>		
29. <u>1.29</u>		
30. <u>1.30</u>		
31. <u>1.31</u>		
32. <u>1.32</u>		
33. <u>1.33</u>		
34. <u>1.34</u>		
35. <u>1.35</u>		
36. <u>1.36</u>		
37. <u>1.37</u>		
38. <u>1.38</u>		
39. <u>1.39</u>		
40. <u>1.40</u>		
41. <u>1.41</u>		
42. <u>1.42</u>		
43. <u>1.43</u>		
44. <u>1.44</u>		

(3018) If the response is no on line 3014, Is your company audited?

(Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

100003me3026.pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

100-000-0000 Data Collection System	100-000-0000 Data Collection System
--	--

<010> Study Area Code	100003
<015> Study Area Name	TIDEWATER TELECOM, INC.
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Jim Sanborn
<035> Contact Telephone Number - Number of person identified in data line <030>	2075639910 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jims@intelco.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: TIDEWATER TELECOM, INC.	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/09/2014
Printed name of Authorized Officer: Shirley Manning	
Title or position of Authorized Officer: President	
Telephone number of Authorized Officer: 2075639911 ext.	
Study Area Code of Reporting Carrier: 100003	Filing Due Date for this form: 06/30/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	